

**CITY OF NORTH LAS VEGAS
SPECIAL CITY COUNCIL MEETING MINUTES**

December 17, 2008

CALL TO ORDER

4:35 P.M., Council Chambers, 2200 Civic Center Drive, North Las Vegas, Nevada

ROLL CALL

COUNCIL PRESENT

Mayor Michael L. Montandon
Mayor Pro Tempore Robinson
Councilwoman Shari Buck
Councilman Robert L. Eliason

COUNCIL EXCUSED

Councilwoman Stephanie S. Smith

STAFF PRESENT

City Manager Gregory E. Rose
Assistant City Manager Maryann Ustick
City Attorney Carie Torrence
City Clerk Karen L. Storms
Finance Director Phil Stoeckinger
Fire Chief Al Gillespie
Parks and Recreation Director Mike Henley
Public Works Director Dr. Qiong Liu
Assistant to the City Manager Michelle Bailey-Hedgepeth
Assistant City Attorney Nick Vaskov
Deputy City Attorney Bethany Rudd-Sanchez
Parks and Recreation Manager Jon Jainga
Parks and Recreation Manager Jim Stritchko
Assistant City Clerk Anita Sheldon
Deputy City Clerk Marie Purcell

VERIFICATION

Anita Sheldon
Assistant City Clerk

BUSINESS:

1. DISCUSSION AND/OR ACTION REGARDING CITY OPERATION OF THE ALIANTE GOLF COURSE.

Parks and Recreation Director Mike Henley briefed the City Council on the upcoming takeover of the operation of the Aliante Golf Club by the City. Director Henley explained that the golf course was part of the original land requirement through the Recreation and Public Purpose process and opened on December 5, 2003. Through the 2002 Master Development Agreement, three of the public parks and the golf course would be conveyed and dedicated to the City. A lease was to be negotiated with the City at the time of conveyance of the golf course, but never occurred. In November 2004 the City declined operation of the golf course pursuant to the development agreement. During the summer of 2008, North Valley Enterprises informed the City of their intent to turn over the operation of the golf course. The City undertook an amount of due diligence which included bringing Economic Research Associates to review the prior five years of actuals, projections and evaluate the current and future market conditions. During the process the City met with North Valley Enterprises, who provided back records which were reviewed by the Finance Department. The City Attorney's office reviewed the current agreement with North Valley Enterprises and OB Sports. The shift in economy has had a negative effect on golf nationally. North Valley Enterprises projected a 2008 deficit of \$400,000. The number of golf rounds played dropped and was a challenge that needed to be focused on. Director Henley explained recommendations which included setting aside \$100,000 per year in the Capital Replacement Fund to invest in the infrastructure and upgrades to some of the existing facilities. He explained that the closure of Craig Ranch in the Spring should have a positive impact and suggested promoting Aliante Golf Club once the facility closed. Director Henley explained that with the opening of Aliante Station and the future Park Highlands there should be an increase in the number of golf rounds played. He explained that the challenge would be balancing the budget. If needed, the focus had to be on non-general fund resources. Director Henley explained that OB Sports had managed the golf course for five years. The current agreement was through 2010 with three one-year extensions. North Valley Enterprises put the extensions in place for the next two years pending a Council decision because of a gap between the current agreement expiring in November and the January takeover. Under the agreement, once the City stepped in there was full flexibility to change the agreement or terms at any time. The current agreement framework and management fees were within industry norms and included the maintenance cost average for maintaining the golf holes. The management fees, under the agreement were \$120,000 per year and turn-keyed all expenses. The City did not carry any of the expenses other than the management fees. OB Sports paid for the ground lease and personnel costs. City Manager Gregory Rose stated that in addition to the course, the City received the

capital, such as golf carts. Director Henley explained that the golf carts and maintenance equipment were under a lease with OB Sports, but the City had the facilities which included the maintenance buildings, pro shop, clubhouse, cart shed and public restrooms. Director Henley explained the next step would be to complete the conveyance and dedication process with North Valley Enterprises, establish a 2009 budget with OB Sports and assume the current management agreement with OB Sports. Staff would spend time at the course with the management staff learning the operation. Emphasis would also be placed on youth and senior programs and the City would continue support of area high school golf teams, which currently played at Craig Ranch Golf Course.

Councilman Eliason arrived at 4:35 p.m.

Mayor Pro Tempore Robinson asked whether the schools were charged to use the golf course. Director Henley said they were not charged.

Director Henley explained the focus would be on volume and affordability of rates.

Mayor Montandon asked whether the City had the option to reject the turnover of the golf course. City Attorney Carrie Torrence explained that it was not clear if the pre-conditions were met and the turnover could possibly be delayed for a short time. She said in the end the City would have to take over the course. City Manager Rose said the intention was for the City to take over the golf course at their request. Mayor Montandon questioned the comparison with the management and operation companies for Craig Ranch. Director Henley explained that Craig Ranch was operated similar to a municipal golf course and OB Sports had more experience with a higher level golf course which needed to be competitive with the area courses.

Jim Brown, 2455 Lintwhite Street, North Las Vegas, explained that he lived on the first fairway of Aliante Golf Club and was concerned about golf balls that were hitting people, cars and homes, and damage to private property by golf carts. Mr. Brown also questioned liability.

Councilwoman Buck was concerned about the takeover of the golf course and felt the City should delay it. She felt the development agreement should be adhered to. City Attorney Torrence explained that a problem was that the City was equally responsible for the breach of the contract and did not do what should have been done. City Manager Rose said if the requirements were achieved, the City would not have the option of delaying the takeover. Councilwoman Buck asked how the standards would be kept and did not want to spend taxpayer money to keep up a master planned community golf course that the City was responsible for.

Mayor Montandon stated the City was in a unique situation in that there was no land or development cost and no debt services. He felt that the course could be operated to at least break-even.

Mayor Pro Tempore Robinson asked what the fees were and whether the City insurance would cover injuries caused by golf balls. City Attorney Torrence explained that the individuals who purchased homes on the golf course had documents recorded against their property relinquishing their rights to sue. Mayor Pro Tempore Robinson asked about a person just walking in the neighborhood. City Attorney Torrence explained she would need to research but as a general principle did not believe the City was liable. Director Henley explained that the fees charged depended on the season and with peak season rates higher than off-season. Fees ranged from resort fees of \$120 per person during the peak season and \$40 for twilight off-season. Mayor Pro Tempore Robinson asked if the rates would be raised and restructured when the City took over. Director Henley explained there was an opportunity to capture volume through rates. City Manager Rose said he was hesitant to say what would be done regarding rates because when rates were increased, volume was decreased. He said the City would review the optimum amount that could be charged. Mayor Pro Tempore Robinson asked if the residents received a rate reduction as part of the development agreement. Director Henley explained the reduction was for a resident and card holder. The resident rate was set as 80% of the resort rate, which was the highest rate. Councilwoman Buck clarified that the residents had the opportunity to put netting or barriers between the golf course and their homes. City Attorney Torrence explained the residents needed to submit applications to the Homeowner Association for approval but there were no prohibitions against barriers.

Mr. Brown explained that according to his contract, the residents could not have any fences or walls. He also explained that the contract stated that golfers would take care of any damage or liability caused by errant golf balls.

Councilwoman Buck commented that if the City had to take over the operation of the Aliante Golf Club, then the Par 3 and Craig Ranch coursed needed to be shut down right away. City Attorney Torrence explained the City could delay the take over but there would be legal fees if North Valley Enterprises disagreed with the City analysis. She also explained that a cost benefit analysis would need to be done for anticipated losses. She explained that the language in the development agreement was clear stating that the City would take over the golf course at the request of North Valley Enterprises. Councilwoman Buck questioned the amount North Valley Enterprises was presently losing. Director Henley explained that the deficit for 2008 was anticipated at \$400,000 due to the economy. Councilwoman Buck asked if a two year delay would be worth it. City Attorney Torrence said she would need to review the total cost and breach of contract.

ACTION: DISCUSSION HELD

Councilman Buck left the dais at 5:11 p.m.

2. DISCUSSION AND/OR ACTION REGARDING BALLOONAPALOOZA IV.

Parks and Recreation Manager Jim Stritchko explained that Craig Ranch Regional Park would be under construction beginning Spring of 2009. The major factors included the amount of people attracted to the event, parking and traffic congestion. The main concern was avoiding the main sewer, water and electrical trenches that would be running through the park for the construction and which would be mandated to be filled to grade for the scheduled event. The participant traffic would be minimized around the filled trenches in the event of rain. Councilman Eliason asked if extra costs would be incurred for construction due to the trench filling. Manager Stritchko said the costs would be minimal if any. He explained that the site would be presentable to the public during the construction. He also explained that the City would need to secure the use of the property on the southeast corner of Craig Road and Commerce Street for access into the event. In the past, the property owner allowed use of the property for the fueling location for the balloonists and additional parking. He explained a commitment was needed from the property owner by January 16, 2009 so that conditions could be placed in the construction schedule. The perimeter of the construction project would be fenced off. Access points, event location and security would need to be reestablished if the City was unable to acquire use of the site. Manager Stritchko explained that other areas in close proximity may be needed to establish parking areas with the use of a shuttle service. Mayor Pro Tempore Robinson asked what areas would be needed. Manager Stritchko said Sandstone Ridge could be used for parking and the trails could be used for access to the event site from Sandstone Ridge Park.

Parks and Recreation Manager Jon Jainga explained the layout for Phase I with construction beginning May 2009 through June 2010. He showed some of the construction conflicts that would occur around the large dedication playground area. The heavy construction zone areas would be isolated. He explained that the site contained 135 acres with BalloonaPalooza using 70-90 acres. Mayor Montandon asked if the start of construction would be delayed until after the event. Manager Jainga said the construction would stay on the current schedule with the bidding in February and construction starting in May. Construction would be suspended for 10 days in September for the event, restart in October and completed in June 2010. The event would be incorporated with a 10-day window for BalloonaPalooza without delaying the start of construction.

ACTION: DISCUSSION HELD

PUBLIC FORUM

THERE WAS NO PUBLIC PARTICIPATION.

ADJOURNMENT

ACTION: THE MEETING ADJOURNED AT 5:17 P.M.

MOTION: Mayor Montandon

SECOND: Councilman Eliason

AYES: Mayor Montandon, Mayor Pro Tempore Robinson, Councilman Eliason

NAYS: None

ABSENT: Councilwoman Smith

ABSTAIN: None

APPROVED: January 21, 2009

Mayor Michael L. Montandon

ATTEST:

Karen L. Storms, CMC
City Clerk